

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appl. No. : 10/647,101
Applicant : Wallace C. Turbeville et al
Filed : August 22, 2003
Title : RISK MEASUREMENT, MANAGEMENT AND TRADE
DECISIONING SYSTEM
Docket No. : P-03180

December 17, 2007

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Responsive to the Office Action mailed on July 23, 2007, the period for responding thereto having been extended so as to expire on December 23, 2007, and responsive to the Interview held on October 17, 2007 the Applicants respond to the Office Action as follows:

I. Summary of Interview

Applicant's attorney met with the Examiner Sarah Monfeldt and the Examining Supervisor Kambiz Abdi. In the meeting, the Section 112 rejections were discussed and Mr. Aufrichtig reviewed the proposed amendment to the claims and specification which had been sent in advance of the interview that provide proper antecedent basis and terminology that was believed to overcome those rejections. The Examiners generally found the proposed amendment to deal with most of the found issues. In addition, the prior art was discussed and Mr. Aufrichtig explained how the present invention as recited

in the claims was patentably distinct over the references and discussed the proposed amendments with the Examiner. The Examiner stated that the amendments appear to differentiate the present invention from the prior art but could warrant a new search which could potentially find additional references based on the further revisions discussed to address terminology and antecedent basis.

II. Priority Claim

The Examiner has stated that the claim of priority from provisional application nos. 60/404070 and 60/405607 is not supported. Applicant respectfully traverses this assertion. The two provisional applications set forth the methods described and claimed in the present application. It is believed that the invention was substantially set forth at the time the provisional applications were filed. The independent claims set forth the steps described in the methods. Therefore, Applicant submits that the essential elements of the invention are set forth in these methods which are in the two provisional applications and in the present application. Accordingly, we request the Examiner to confirm the priority of each of the independent claims.

III. Drawings

Applicants submit herewith formal drawings in compliance with 37 CFR 1.1.1(d).

IV. Specification

The Applicant has amended the specification as set forth below. Applicant submits that these amendments overcome the Examiner's objections without adding new matter.

V. Claim Objections

The Examiner has objected to Claims 5 and 7-15 for ending with a semi-colon rather than a period, the Applicant has made such correction.

VI. Claim Rejections

The Examiner has rejected Claims 1-16 under 35 USC 112. The Applicant has amended the Claims as set forth below to overcome these rejections. The Examiner has also rejected Claims 1-16 as being unpatentable over Garman in view of Semple. The Applicant has amended Claim 1 to clarify that the credit line or collateral is determined, not the margin amounts. In addition, the term "excess available margin" has been amended to "available margin" to clarify that the acceptable risk is based on the limit of the available margin based on the available credit line or collateral. These terms are found in the application as filed.

In reviewing the cited prior art, the Applicant finds that there are key differences in the present invention and respectfully disagrees with the Examiner's rejections. Garman discloses a method of determining the impact of adding or subtracting a product to a portfolio on the market Value at Risk (VAR) of the portfolio. Garman's method uses derivative math to determine the delta Portfolio given delta Product, and then uses these derivative values in analyzing the impact on the portfolio VAR given possible trade opportunities. Garman's methods address the efficient determination of changes to market VAR. Basically, Garman discusses the determination of VAR.

Semple discloses a method of order matching and there are broad descriptions of how margining works for futures and commodities trading. Semple also discusses methods to measure the valuation of collateral held.

Garman does not disclose the following steps: determination of whether a new trade has a value at risk which exceeds the available margin; approving the new trade if it is determined that the value at risk of the new trade does not exceed the available margin; and rejecting the new trade if it is determined that the value at risk of the new trade exceeds the available margin. The present invention describes a method of taking any value at risk methodology and comparing the value at risk of an individual trade, not the entire portfolio, to the available collateral. The present invention analyses VAR as measures of credit risk; it addresses measurement of the difference between the value of collateral held and the credit VAR measurement; and allowing or rejecting a trade based on whether there is enough collateral held with respect to a counterparty to cover the change in VAR. The method of VAR measurement is not part of the invention, it can be any method.

New independent claim 17 discloses the method of determining to what extent to add a new contract. For example, if a new trade is rejected as a whole, the system recalculates to determine how many units of the new trade could be accepted into the portfolio. This calculation is not described in either Garman or Semple and is thus patentable over the prior art.

Respectfully submitted,
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